



February 6, 2013

TO: Chair Mele Carroll  
Vice-Chair Bertrand Kobayashi  
House Committee on Human Services

FROM: Deborah Zysman  
Good Beginnings Alliance

RE: **Support for HB 1402:** Relating to Social Impact Bonds.

The Good Beginnings Alliance **supports HB 1402**, which requests the Executive Office on Early Learning to oversee a study on the feasibility of using social impact bonds as a means to assist with funding early childhood learning in Hawaii. The Good Beginnings Alliance (GBA) is a policy and advocacy organization focused on ensuring that Hawaii's young children are healthy, safe, and ready for school. We strive to support our stakeholder community to this end, as well as provide relevant information to our families and fellow advocate community.

Social impact bond (SIB) financing is an alternative system of funding particular social services that normally are the exclusive responsibility of the state. The advantage being that the state is not contributing the upfront funding for investment and is instead benefiting from structured and regulated investment from private and philanthropic investors. The return on investment, in the case of education, comes in part from a state's savings from decreases in special education rates between Kindergarten and 12<sup>th</sup> grade.

Case studies exist that have employed SIBs effectively to address youth recidivism (New York), homelessness (Massachusetts), workforce development (Minnesota) and school performance (Pennsylvania). Two of the key advantages of this financing mechanism include: 1) it mobilizes private capital to scale up programs states cannot afford to expand themselves, reducing taxpayers' financial risk, and 2) it also requires rigorous measurement of results (Considerable research has been undertaken by ReadyNation, a partnership of business and education leaders, to develop SIBs financing specifically for early childhood programs).

We encourage the Committee to consider including funding to assist the Executive Office on Early Learning in carrying out this study, or provide for the study to be overseen by the Legislative Reference Bureau. Private matching funds may also be leveraged to assist with the execution of this study.

We see this measure as a creative and useful step in the broader context of funding an early childhood health and education system for Hawaii. Thank you for the opportunity to submit testimony in support of HB 1402.